

## **FACT SHEET**

### **HB03-1168: APPLIANCE ENERGY EFFICIENCY STANDARDS**

**WHAT WOULD THE BILL DO?** The bill sets minimum energy efficiency standards on 10 products not covered by national energy efficiency standards. Products sold in Colorado would have to meet these minimum efficiency requirements once the standards take effect in 2005.

**WHAT PRODUCTS ARE INCLUDED IN THE BILL?** The products include ceiling fans, TV set top boxes, torchiere-type portable light fixtures, exit signs, traffic signals, transformers, large packaged air conditioners and heat pumps, commercial refrigerators and freezers, and commercial clothes washers.

**HOW WERE THESE PRODUCTS SELECTED?** These products offer significant energy savings potential using established criteria for what defines an energy-efficient product, such as the Energy Star™ criteria adopted by the U.S. EPA. Other major products such as residential refrigerators and freezers, clothes washers, air conditioners, furnaces, and water heaters are already covered by national appliance efficiency standards.

**HOW STRINGENT ARE THE PROPOSED STANDARDS?** The standards are not very onerous. Manufacturers already produce numerous products that meet the standards. And retailers are given adequate time to clear out their current inventory of non-complying products.

**HAVE OTHER STATES HAVE ADOPTED THESE STANDARDS?** California adopted the proposed efficiency standards for six of the ten products in 2002. Also, this same bill (covering 10 products) will be introduced in at least eight states other than Colorado in 2003.

**WHAT HAS BEEN THE EXPERIENCE WITH APPLIANCE EFFICIENCY STANDARDS IN THE PAST?** A number of states and the federal government have previously adopted appliance efficiency standards with great success. Manufacturers and retailers have been able to meet the standards without difficulty. Consumers have not experienced a shortage of products and they have not been forced to buy products that do not meet their needs. And the efficiency standards have proven to be very cost-effective for consumers (i.e., the energy bill savings far exceed any increased first cost).

**WHAT EFFECT WOULD THESE STANDARDS HAVE ON ELECTRICITY USE IN COLORADO?** Energy efficiency experts estimate that the standards will reduce electricity use in the state by about 625 million kilowatt-hours per year (about 1.1%) in 2010 and 972 million kilowatt-hours per year (about 1.4%) in 2020.

**WHAT WOULD BE THE IMPACT ON PEAK ELECTRICITY DEMAND AND POWER PLANT CONSTRUCTION?** The reduction in peak power capacity required during the summer would be about 150 MW by 2010 and 250 MW by 2020. Thus, at least one large new power plant would be avoided by adopting these standards.

**WHAT WOULD BE THE ECONOMIC IMPACT ON CONSUMERS AND BUSINESSES?** The standards would reduce the energy bills paid by consumers and businesses in Colorado by about \$740 million during 2005-2030. The estimated increased first cost for the more energy-efficient products as a result of the standards is \$180 million over the same time period. Thus, consumers and businesses would realize a net savings of \$560 million. (All costs and savings are calculated on a consistent net present value basis.)

**WHAT WOULD BE THE IMPACT ON WATER USE IN COLORADO?** Conventional power plants use a large amount of water. By reducing the amount of electricity consumed in the state, the efficiency standards would reduce water consumption, as would the efficiency standards on commercial clothes washers. The estimated total water savings are 500 million gallons per year by 2010 and 770 million gallons per year by 2020. During 2005-2020, the standards would reduce water consumption in the state by an estimated 7.6 billion gallons.

**WHAT WOULD BE THE IMPACT ON POLLUTANT EMISSIONS?** The efficiency standards would reduce electricity generation by coal-fired and natural gas-fired power plants and thereby reduce emissions of sulfur dioxide, nitrogen oxides, mercury, and carbon dioxide. Thus, the efficiency standards would have a beneficial effect on public health and would help the state meet its air quality goals.

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